ARAMEX PJSC AND ITS SUBSIDIARIES

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019

ARAMEX PJSC AND ITS SUBSIDIARIES

Review report and condensed interim consolidated financial information for the three months period ended 31 March 2019

Contents

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Review report on condensed interim consolidated financial information to the Directors of Aramex PJSC

Introduction

We have reviewed the accompanying condensed interim consolidated statement of financial position of Aramex PJSC ("the company") and its subsidiaries (together referred to as "the Group") as at 31 March 2019 and the related condensed interim consolidated statements of income, comprehensive income, changes in equity and cash flows for the three-month period then ended and other explanatory information. Management is responsible for the preparation and presentation of this condensed interim consolidated financial information in accordance with International Accounting Standard 34 – Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on this condensed interim consolidated financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting".

Other matter

The consolidated financial statements of the Group as at and for the year ended 31 December 2018 and condensed interim consolidated financial information for the three month period ended 31 March 2018 were audited and reviewed, respectively, by another auditor, whose reports dated 27 February 2019 and 2 May 2018, expressed an unqualified audit opinion and review conclusion, respectively.

PricewaterhouseCoopers
1 May 2019

برايس ووترهاوس كوبرز
ص.ب: ٤٥٢٦٣ - أبوظبي
P.O.Box: 45263 - Abu Dhabi
PricewaterhouseCoopers

Rami Sarhan
Registered Auditor Number 1152
Dubai, United Arab Emirates

PricewaterhouseCoopers (Dubai Branch), License no. 102451
Emaar Square, Building 4, Level 8, P O Box 11987, Dubai - United Arab Emirates
T: +971 (0)4 304 3100, F: +971 (0)4 346 9150, www.pwc.com/me

ARAMEX PJSC AND ITS SUBSIDIARIES
CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

	Note	31 March 2019 AED "000" Unaudited	31 December 2018 AED "000" Audited
Assets			
Non-current assets			
Property and equipment	5	960,238	949,715
Right of use assets	6	815,231	-
Goodwill		1,124,695	1,124,695
Other intangible assets		210,117	211,193
Investments in joint ventures and associates		25,291	22,856
Financial assets at fair value through other comprehensive income		44,715	53,787
Deferred tax assets		5,952	6,323
Other non-current assets		7,203	5,877
		3,193,442	2,374,446
Current assets			
Accounts receivable, net		1,107,861	1,140,664
Other current assets		322,182	352,512
Cash and bank balances	8	594,197	836,659
		2,024,240	2,329,835
Total assets		5,217,682	4,704,281
Equity and liabilities			
Equity			
Share capital		1,464,100	1,464,100
Statutory reserve		314,515	314,515
Foreign currency translation reserve		(417,010)	(371,217)
Reserve arising from acquisition of non-controlling interests		(324,745)	(324,745)
Fair value reserve for financial assets at fair value through other comprehensive income		8,556	10,252
Retained earnings		1,427,349	1,316,764
Equity attributable to equity holders of the Parent Company		2,472,765	2,409,669
Non-controlling interests		13,398	22,137
Total equity		2,486,163	2,431,806
Liabilities			
Non-current liabilities			
Interest-bearing loans and borrowings		182,989	200,822
Employees' end of service benefits		142,268	140,167
Lease liability		664,481	17,996
Deferred tax liabilities		51,586	51,298
		1,041,324	410,283
Current liabilities			
Trade payables		318,259	290,638
Bank overdrafts	8 , 10	155,312	120,463
Lease liability		132,702	16,070
Interest-bearing loans and borrowings		371,796	302,197
Employees' benefit liability	7	-	45,678
Other current liabilities		712,126	1,087,146
		1,690,195	1,862,192
Total liabilities		2,731,519	2,272,475
Total equity and liabilities		5,217,682	4,704,281

A. Mazrui

Abdullah Al Mazrui
(Chairman)

Bashar Obeid
(Chief Executive Officer)

Nadia Abu Sara
(Chief Financial Officer)

The notes on pages 8 to 26 form an integral part of this condensed interim consolidated financial information.

	Note	For the three month period ended 31 March 2019 AED "000" Unaudited	2018 AED "000" Unaudited
Continuing operations			
Rendering of services		1,233,737	1,189,632
Cost of services		(577,705)	(545,639)
Gross profit		656,032	643,993
Selling and marketing expenses		(53,276)	(53,005)
Administrative expenses		(240,601)	(240,893)
Operating expenses		(230,765)	(213,980)
Other income, net		7,512	1,268
Operating profit		138,902	137,383
Finance income		2,809	2,809
Finance costs		(18,577)	(6,117)
Share of results of joint ventures and associate		1,970	(2,002)
Profit before income tax from continuing operations		125,104	132,073
Income tax expense		(15,985)	(20,882)
Profit for the period from continuing operations		109,119	111,191
Discontinued operations			
Profit after tax for the period from discontinued operations	11	-	811
Profit for the period		109,119	112,002
Attributable to:			
Equity holders of the Parent Company			
Profit for the period from continuing operations		107,945	102,951
Profit for the period from discontinued operations		-	487
		107,945	103,438
Non-controlling interests			
Profit for the period from continuing operations		1,174	8,240
Profit for the period from discontinued operations		-	324
		1,174	8,564
		109,119	112,002
Earnings per share attributable to equity holders of the Parent Company			
Basic and diluted earnings per share in AED	9	0.074	0.071

ARAMEX PJSC AND ITS SUBSIDIARIES
CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019

	For the three months period ended 31 March	
	2019 AED "000" (Unaudited)	2018 AED "000" (Unaudited)
Profit for the period	109,119	112,002
Other comprehensive income		
Items that will be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	(55,706)	8,731
Net other comprehensive (loss)/income to be reclassified to profit or loss is subsequent periods, net of tax	(55,706)	8,731
Items that will not be reclassified to profit or loss:		
Net gain on equity instruments at fair value through other comprehensive income	944	8,312
Net other comprehensive income not being reclassified to profit or loss is subsequent periods, net of tax	944	8,312
Other comprehensive income for the period, net of tax	(54,762)	17,043
Total comprehensive income for the period	54,357	129,045
Attributable to:		
Equity holders of the Parent Company	63,096	120,018
Non-controlling interests	(8,739)	9,027
	54,357	129,045
Attributable to:		
Continuing operations	54,357	128,234
Discontinued operations	-	811
	54,357	129,045

ARAMEX PJSC AND ITS SUBSIDIARIES
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019 (UNAUDITED)

	Share capital	Statutory reserve	Foreign currency translation reserve	Reserve arising from acquisition of non-controlling interests	Fair value reserve for financial assets at fair value through other comprehensive income	Retained earnings	Equity attributable to equity holders of the Parent	Non-controlling interests	Total equity
	AED "000"	AED"000"	AED "000"	AED "000"	AED "000"	AED "000"	AED "000"	AED "000"	AED "000"
For the three months ended 31 March 2019									
Balance at 1 January 2019	1,464,100	314,515	(371,217)	(324,745)	10,252	1,316,764	2,409,669	22,137	2,431,806
Profit for the period	-	-	-	-	-	107,945	107,945	1,174	109,119
Other comprehensive income	-	-	(45,793)	-	944	-	(44,849)	(9,913)	(54,762)
Total comprehensive income for the period	-	-	(45,793)	-	944	107,945	63,096	(8,739)	54,357
Gain from sale of financial assets at fair value through other comprehensive income	-	-	-	-	(2,640)	2,640	-	-	-
Balance at 31 March 2019	1,464,100	314,515	(417,010)	(324,745)	8,556	1,427,349	2,472,765	13,398	2,486,163
For the three months ended 31 March 2018									
Balance at 1 January 2018	1,464,100	269,181	(302,912)	(43,584)	-	1,113,313	2,500,098	18,964	2,519,062
Profit for the period	-	-	-	-	-	103,438	103,438	8,564	112,002
Other comprehensive income	-	-	8,268	-	8,312	-	16,580	463	17,043
Total comprehensive income for the period	-	-	8,268	-	8,312	103,438	120,018	9,027	129,045
Dividends of subsidiaries	-	-	-	-	-	-	-	(6,219)	(6,219)
Non-controlling interests	-	-	-	-	-	-	-	(309)	(309)
Acquisition of non-controlling interest	-	-	-	(1,505)	-	-	(1,505)	488	(1,017)
Transfer to statutory reserve	-	(548)	-	-	-	548	-	-	-
Balance at 31 March 2018	1,464,100	268,633	(294,644)	(45,089)	8,312	1,217,299	2,618,611	21,951	2,640,562

The notes on pages 8 to 26 form an integral part of this condensed interim consolidated financial information.

ARAMEX PJSC AND ITS SUBSIDIARIES
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019

	Note	For the three months period ended 31 March	
		2019 AED "000" (Unaudited)	2018 AED "000" (Unaudited)
OPERATING ACTIVITIES			
Profit for the period from continuing operations before income tax		125,104	132,073
Profit for the period from discontinued operations before income tax		-	811
Profit before tax		125,104	132,884
Adjustments for			
Depreciation		26,451	28,074
Depreciation of right of use assets	6	50,236	-
Amortisation of other intangible assets		1,076	1,171
Loss from sale of property and equipment		520	3
Provision for employees' end of service benefits		6,443	6,079
Provision for expected credit losses, net		7,551	847
Finance costs		18,577	6,117
Finance income		(2,809)	(2,809)
Employees' benefit liability expense	7	1,702	4,874
Share of results of joint ventures and associates		(1,970)	2,002
Loss on disposals of discontinued operations	11	-	109
		232,881	179,351
Working capital adjustments:			
Accounts receivable		(79,584)	(98,587)
Other current assets		(18,842)	(33,743)
Trade payables		27,621	(1,902)
Other current liabilities		(22,394)	(68,692)
Net cash flows generated from/(used in) operating activities before income tax, employees' end of service benefits and employees' benefit liability paid		139,682	(23,573)
Income tax paid		(7,569)	(5,928)
Employees' end of service benefits paid		(3,513)	(8,515)
Employees' benefit liability paid	7	(47,380)	-
Net cash flows generated from/(used in) operating activities		81,220	(38,016)

	Note	For the three months period ended 31 March	
		2019 AED "000" (Unaudited)	2018 AED "000" (Unaudited)
INVESTING ACTIVITIES			
Purchase of property and equipment	5	(29,805)	(29,607)
Proceeds from sale of property and equipment		3,425	1,046
Proceeds from sale of Financial assets at fair value through other comprehensive income		10,036	-
Interest received		2,809	2,809
Margin deposits		(1,068)	401
Investment in joint ventures and associates		-	(354)
Other non-current assets		(1,326)	87
Acquisition of non-controlling interests	4	(293,808)	-
Net cash disposed from sale of a subsidiary	11	-	(235)
Net cash flows used in investing activities		(309,737)	(25,853)
FINANCING ACTIVITIES			
Interest paid		(18,577)	(6,117)
Proceeds from loans and borrowings		135,536	-
Repayment of loans and borrowings		(34,758)	(18,199)
Repayment of lease liability		(69,141)	-
Dividends paid to non-controlling interests		-	(6,219)
Net cash flows from/(used in) financing activities		13,060	(30,535)
Net decrease in cash and cash equivalents		(215,457)	(94,404)
Net foreign exchange difference		(62,922)	87
Cash and cash equivalents at 1 January	8	709,955	624,437
Cash and cash equivalents at 31 March	8	431,576	530,120

1. General

Aramex PJSC (the "Parent Company or Company") was established as a Public Joint Stock Company on 15 February 2005 and is registered in the Emirate of Dubai, United Arab Emirates under UAE Federal Law No 2 of 2015. The condensed interim consolidated financial information of the Company as at 31 March 2019 comprise the Parent Company and its subsidiaries (collectively referred to as the "Group" and individually as "Group entities").

The Parent Company was listed on the Dubai Financial Market on 9 July 2005.

The Principal activities of the Group are to invest in the freight, express, logistics and supply chain management businesses through acquiring and owning controlling interests in companies in the Middle East and other parts of the world.

The Parent Company's registered office address is Building and Warehouse No. 3, Um Rammool, Dubai, United Arab Emirates.

The condensed interim consolidated financial information were authorised for issue by the Board of Directors on 1 May 2019.

2. Summary of significant accounting polices

2.1 Basis of preparation

This condensed interim consolidated financial information of the Group is prepared under the historical cost basis except for financial assets at fair value through other comprehensive income which is measured at fair value.

This condensed interim consolidated financial information does not include all the information and disclosures required in full consolidated financial statements and should be read in conjunction with the annual Group's consolidated financial statements for the year ended 31 December 2018. In addition, results for the period from 1 January 2019 to 31 March 2019 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2019.

This condensed interim consolidated financial information is prepared in accordance with International Accounting Standard 34: *Interim Financial Reporting* ("IAS 34"), issued by the International Accounting Standard Board (IASB).

The accounting policies used in the preparation of this condensed interim consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018, other than the impact of the implementation of IFRS 16 which is disclosed in Note 2.5.

2. Summary of significant accounting polices (continued)

2.2 Changes in accounting polices

New and revised IFRS applied in the preparation of the condensed interim consolidated financial information

The following new and revised IFRS, which became effective for annual periods beginning on or after 1 January 2019, have been adopted in these condensed interim consolidated financial information. The application of these revised IFRSs, except where stated, have not had any material impact on the amounts reported for the current and prior periods.

(a) **IFRS 16, 'Leases'** - This standard replaces the current guidance in IAS 17 and is a far reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees.

For lessors, the accounting stays remains mainly unchanged. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The impact of the IFRS 16 on this condensed interim consolidated financial information of the Group has been disclosed in note 2.5.

(b) **Amendment to IFRS 9, 'Financial instrument'** - The amendment permits more assets to be measured at amortised cost than under the previous version of IFRS 9, in particular some prepayable financial assets. The amendment also confirms that modifications in financial liabilities will result in the immediate recognition of a gain or loss. The amendment did not have a material impact of the Group's condensed interim consolidated financial information.

(c) **IFRIC 23 Uncertainty over Income Tax Treatments** – The interpretation address the determination of taxable profit (tax loss) tax bases, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers

- Whether tax treatments should be considered collectively
- Assumptions for taxation authorities
- The determination of taxable profit (tax loss), tax bases, unused tax losses, and tax rates
- The effect of changes in facts and circumstances

The interpretation did not have a material impact of the Group's condensed interim consolidated financial information.

2. Summary of significant accounting polices (continued)

2.3 New and revised IFRS issued but not yet effective and not early adopted

(a) IFRS 17, 'Insurance contracts' - On 18 May 2017, the IASB finished its long-standing project to develop an accounting standard on insurance contracts and published IFRS 17, 'Insurance Contracts'. IFRS 17 replaces IFRS 4, which currently permits a wide variety of practices. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.
The standard applies to annual periods beginning on or after 1 January 2022, with earlier application permitted if IFRS 15, 'Revenue from contracts with customers' and IFRS 9, 'Financial instruments' are also applied.

IFRS 17 requires a current measurement model, where estimates are remeasured in each reporting period. The measurement is based on the building blocks of discounted, probability-weighted cash flows, a risk adjustment and a contractual service margin ("CSM") representing the unearned profit of the contract. A simplified premium allocation approach is permitted for the liability for the remaining coverage if it provides a measurement that is not materially different from the general model or if the coverage period is one year or less. However, claims incurred will need to be measured based on the building blocks of discounted, risk-adjusted, probability weighted cash flows.

This standard will be effective for annual periods beginning on or after 1 January 2022.

(b) Amendments to IFRS 3 - This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.

This standard will be effective for annual periods beginning on or after 1 January 2022.

(c) Amendments to IAS 1 and IAS 8 - These amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs: i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting; ii) clarify the explanation of the definition of material; and iii) incorporate some of the guidance in IAS 1 about immaterial information.

This standard will be effective for annual periods beginning on or after 1 January 2022.

The Group is currently assessing the impact of these standards, and amendments on the future consolidated financial statements of the Group and intends to adopt these, if applicable, when they become effective.

2. Summary of significant accounting polices (continued)

2.4 Basis of consolidation

This condensed interim consolidated financial information incorporates the financial information of Aramex PJSC and entities controlled by Aramex PJSC. Control is achieved where the Company has the power over the investee, exposure, or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the investor's returns.

The condensed interim consolidated financial information comprises the financial information of Aramex PJSC and its subsidiaries. The financial information of the subsidiaries are prepared for the same reporting period as that of Aramex PJSC, using consistent accounting policies.

2.5 Leases under IFRS 16 'Leases':

Leases are recognised as right of use assets along with their corresponding liabilities at the date of which the leased assets are available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is recognised in the condensed interim consolidated statement of income over the lease period. The right of use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Right of use assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability.
- Any lease payments made at or before the commencement date less any lease incentives received.
- Any initial direct costs, and
- Restoration costs.

Lease liabilities include, if applicable, the net present value of:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payment that are based on an index or a rate
- Amounts expected to be payable by the lessee under residual value guarantees
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit to the lease or the incremental borrowing rate.

Short-term leases are leases with a lease term of 12 months or less. Low-value assets are items that do not meet the Group's capitalisation threshold and are considered to be insignificant for the statement of financial position for the Group as a whole. Payments for leases of low-value assets are recognised on a straight-line basis in the condensed interim consolidated statement of income.

2 Summary of significant accounting policies (continued)

2.5 Leases under IFRS 16 'Leases': (continued)

Variable lease payments

Some leases contain variable payments that are linked to the usage / performance of the leased asset. Such payments are recognised in condensed interim consolidated statement of income.

Extension and termination options

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. If there is a significant event or significant change in circumstances within control, the Group reassesses whether it is reasonably certain to exercise the options.

IFRS 16 adopted by the Group in 2019

The Group has adopted IFRS 16 'Leases' ("IFRS 16") from its mandatory adoption date 1 January 2019. In accordance with the transition provisions in IFRS 16, the new rules have been adopted using simplified transition approach without any impact on retained earnings as on 1 January 2019. As a result, comparatives for the year 2018 financial information are not restated and the information presented for 2018 does not reflect the requirements of IFRS 16, therefore, it is not comparable to the information presented for 2018 under IAS 17'lease ("IAS17").

IFRS 16 replaces IAS 17, which covers accounting for finance and operating leases. As of 31 December 2018, the Group only recognised lease liabilities in relation to leases that were classified as 'finance leases' under IAS 17 which were presented as part of the Group's debts.

On adoption of IFRS 16, the Group has recognised lease liabilities and associated right of use assets in relation to contracts that have been concluded as leases under the principles of IFRS 16. The liabilities were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate as of 1 January 2019. The associated right of use assets are measured at the amount equal to the lease liability, adjusted by the amount of any prepayments and accrued lease liabilities relating to that lease recognised in the condensed interim consolidated statement of financial position as at 1 January 2019.

2 Summary of significant accounting policies (continued)

2.5 Leases under IFRS 16 'Leases': (continued)

IFRS 16 adopted by the Group in 2019 (continued)

The following table shows reconciliation of operating lease commitments under IAS 17 to lease liability under IFRS 16 as on 1 January 2019:

	1 January 2019 AED "000"
Operating lease commitments disclosed as at 31 December 2018	700,755
Discounted using the Group's incremental borrowing rate	(86,013)
Add: finance lease liabilities recognised as at 31 December 2018	34,066
(Less): short-term leases recognised on a straight-line basis as expense	(5,333)
Add: adjustments as a result of a different treatment of extension the termination options	198,373
Add: adjustments relating to changes in the index or rate affecting variable payments	10,441
Lease liability recognised as at 1 January 2019	**852,289**
Of which are:	
Current lease liabilities	**187,808**
Non-current lease liabilities	**664,481**

The change in accounting policy affected the following items in the statement of financial position on 1 January 2019:
Property and equipment - decrease by AED'000 (33,182)
Right of use assets - increased by AED'000 851,407
Prepayments - decreased by AED'000 (17,662)
Other liabilities and accruals - decrease by AED'000 16,527
Lease liabilities - increased by AED'000 (817,090)

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application;
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease; and
- the election, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

3. Dividends

Subsequent to the period end, at the Annual General Meeting of the shareholders held on 10 April 2019, the shareholders approved a cash dividend of 16.5% for the year ended 31 December 2018 (31 December 2017: cash dividend of 16.3%) of the issued and paid up capital amounting to AED 1,464,100 thousands (31 December 2017: AED 1,464,100 thousands). The dividends per share is AED 0.165 (31 December 2017: AED 0.163).

4. Acquisition of non-controlling interests

During the year ended 31 December 2018, the Group acquired an additional interest of the voting shares of Tal Saudi Arabia located in KSA. The Company's operations were already controlled by the Group. A consideration of AED 244,795 thousand, and the amount due from the shareholder of AED 49,013 thousand was settled against the additional shares acquired. The carrying value of the additional interest acquired was at a balance of AED 14,152 thousand. The difference of AED 279,656 thousand between the consideration given and the carrying value of the additional interest acquired has been recognized within equity as a reserve arising from acquisition of non-controlling interest.

Following is a schedule of additional interest acquired in Tal Saudi Arabia for Commerce and Contracts Co. Ltd:

	AED'000
Consideration payable to non-controlling shareholders*	244,795
Settlement of debt to acquire additional non-controlling interests*	49,013
Less: carrying value of the additional interest in Tal Saudi Arabia for Commerce and Contracts Co. Ltd	(14,152)
Difference recognized as a reserve from acquisition of non-controlling interest	279,656

* The Group settled the consideration payable during three months period ended 31 March 2019.

5. Property and equipment

During the three month period ended 31 March 2019, the Group purchased AED 29.8 million (three month period ended 31 March 2018: AED 29.6 million) of various types of property and equipment.

6. Right of use assets

	As at 31 March 2019				
	Land AED'000	Buildings AED'000	Equipment's AED'000	Motor vehicles AED'000	Total AED'000
Cost:					
At the beginning of the period *	187,169	550,899	21,308	114,477	873,853
Additions	-	-	-	14,033	14,033
At the end of the period	187,169	550,899	21,308	128,510	887,886
Accumulated depreciation and impairment:					
At the beginning of the period*	-	-	-	22,446	22,446
Charge for the period	3,399	31,360	1,630	13,847	50,236
Exchange rate difference	-	(26)	1	(2)	(27)
At the end of the period	3,399	31,334	1,631	36,291	72,655
Net book amounts:					
At 31 March 2019	**183,770**	**519,565**	**19,677**	**92,219**	**815,231**
At 1 January 2019	187,169	550,899	21,308	92,031	851,407

* Transition adjustment relating to IFRS 16 (for details please refer to Note 2.5)

7. Employees' benefit liability

In February 2014, a total 37,000,000 phantom shares were granted to senior executives under a long term incentive plan. The exercise price of the options of AED 3 was equal to the market price of Aramex PJSC's shares on the grant date. The fair value at the grant date was estimated using the binomial pricing model, taking into account the terms and conditions upon which the options were granted. The contracted life of each option granted is six years. The awards will be settled in cash.

In 2015, the plan was modified but the number of phantom shares subject to the plan remained the same. The new plan has non-market vesting conditions and variable exercise prices depending on the Group's performance. According to the modified plan, the value of exercise price will be based on achieved certain performance targets for the Group over the remaining three year period of the plan contractual life.

The Group settled the employees' benefit liability during the three months period ended 31 March 2019.

7. Employees' benefit liability (continued)

Movements on provision for employees' benefits liability were as follows:

	31 March 2019	31 December 2018
	AED "000" Unaudited	AED "000" Audited
At 1 January	45,678	29,875
Employee benefit liability expense for the period/year	1,702	15,803
Paid during the period/ year	(47,380)	-
At the end of the period	-	45,678

Employees' benefit liability was re-measured at fair value at an amount AED 45,678 thousands as of 31 December 2018.

8. Cash and bank balances

	31 March 2019	31 December 2018
	AED "000" Unaudited	AED "000" Audited
Cash and short term deposits	594,197	836,659
Less: cash margin	(7,309)	(6,241)
Less: bank overdrafts (note 10)	(155,312)	(120,463)
Cash and cash equivalents	431,576	709,955

Included within cash and short term deposits are amounts totalling AED 435,290 thousands (31 December 2018: AED 452,971 thousand) held at foreign banks abroad and amounts totalling approximately AED 156,040 thousands of cash on delivery collected by the Group on behalf of customers, the same balance was recorded as trade payables in the condensed interim consolidated statement of financial position (31 December 2018: AED 186,306 thousands).

9. Earnings per share

	31 March 2019	31 March 2018
	AED "000"	AED "000"
	Unaudited	Unaudited
Profit attributable to the equity holders of the Parent Company	107,945	103,438
Weighted average number of shares during the period (Shares)	1,464 million	1,464 million
Basic and diluted earnings per share in AED	0.074	0 .071

As of 31 March 2019, basic and diluted earnings per share from discontinued operations amounted to nil (31 March 2018: nil).

10. Bank overdrafts

The Group maintains overdrafts and lines of credit with various banks. Overdrafts and lines of credit include the following (Note 8):

Aramex Tunisia has outstanding overdrafts from Citi Bank of AED 457 thousands as at 31 March 2019 (2018: AED 515 thousands) and from the Arab Bank of AED 972 thousands as at 31 March 2019 (2018: AED 907 thousands).

Aramex Algeria SARL has outstanding overdraft from Citi Bank of AED 6,927 thousands as at 31 March 2019 (2018: AED 8,351 thousands).

Aramex International LLC has outstanding overdraft from HSBC of AED 62,434 thousands as at 31 March 2019 (2018: AED 62,434 thousands).

Aramex Special Logistics LLC has outstanding overdraft from Citi Bank of AED 79,940 thousands as at 31 March 2019 (2018: AED 44,452 thousands).

Aramex Emirates LLC has outstanding overdraft from Arab Bank of AED 4,010 thousands as at 31 March 2019 (2018: AED 3,804 thousands).

Aramex Kenya Limited has outstanding overdraft from Citibank of AED 572 thousands as at 31 March 2019 (2018: AED nil).

11. Discontinued operations

Disposal of Aramex Botswana (proprietary) Limited

During 2018, the Group disposed of 100% of its interest in Aramex Botswana (proprietary) Limited. The cash outflows generated from the sale of the discontinued operation during 2018 have been presented in the condensed interim consolidated statement of cash flows as part of the investing activities.

Aramex Botswana (proprietary) Limited segment is no longer presented in the segment note.

The results of Aramex Botswana (proprietary) Limited for the year 2018 are as follows:

	2018 AED "000" Audited
Rendering of services	145
Cost of services	(103)
Gross profit	42
Less: Overheads	(138)
Operating profit	(96)
Add: Other income	992
Less: Expenses	(85)
Profit before tax	811
Income tax expense	-
Net profit	811

The major classes of assets and liabilities of Aramex Botswana (proprietary) Limited as at 1 February 2018 (date of disposal) are as follows:

	2018 AED "000" Audited
Assets	
Property and equipment	387
Accounts receivable	194
Other current assets	210
Cash and cash equivalents	235
Total assets	1,026
Liabilities	
Trade payables	221
Other current liabilities	375
Other non-current liabilities	321
Total liabilities	917
Net assets directly associated with the disposal group	109

11. Discontinued operations (continued)

	2018 AED "000" Audited
Cash flow on sale:	
Consideration received	-
Cash included as cash and cash equivalents at 1 February 2018 in the statement of cash flows	(235)
Net cash out flow	(235)

The net cash flows incurred by Aramex Botswana (proprietary) Limited are as follows:

	2018 AED "000" Audited
Operating	32
Investing	(1)
Net cash inflow	31
Loss on disposal of discontinued operation:	
Consideration received	-
Net assets directly associated with disposal group	(109)
	(109)

12. Segment information

A business segment is a group of assets and processes that jointly engage in the rendering of products or services subject to risks and rewards that are different from those of other business segments and which are measured according to reports used by the Group's chief executive officer and chief decision maker.

The Group is comprised of the following operating segments:

- International express: includes delivery of small packages across the globe to both, retail and wholesale customers.

- Freight forwarding: includes forwarding of loose or consolidated freight through air, land and ocean transport, warehousing, customer clearance and break bulk services.

- Domestic express: includes express delivery of small parcels and pick up and deliver shipments within the country.

12. Segment information (continued)

- Logistics: includes warehousing and its management distribution, supply chain management, inventory management as well as other value added services.

- Other operations: includes catalogue shipping services, document storage, airline ticketing and travel, visa services and publication and distribution.

Management monitors the operating results of the operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss.

Transfer prices between operating segments are on an arm's - length basis in a manner similar to transactions with third parties.

IFRS16 impact on segment disclosures and earnings per share

Adjusted EBITDA, segment assets and segment liabilities for March 2019 all increased as a result of the adoption of IFRS 16 and the related change in accounting policy.

The following segments were affected by the change in policy:

	Impact on EBITDA	Segment assets	Segment liabilities
	AED "000" Unaudited	AED "000" Unaudited	AED "000" Unaudited
Middle East and Africa	34,289	609,739	582,569
Europe	3,175	29,402	28,146
North America	1,579	29,385	32,542
Asia and others	9,828	146,705	153,926
	48,871	815,231	797,183

Earnings per share decreased by AED 0.004 per share for the three months period ended 31 March 2019 as a result of the adoption of IFRS 16.

12. Segment information (continued)

The following is a breakdown of the segment information for the above operating segments:

	Three months ended 31 March 2019 (Unaudited)						
	International express AED "000"	Freight forwarding AED "000"	Domestic express AED "000"	Logistics AED "000"	Other AED "000"	Eliminations AED "000"	Total AED "000"
Revenue							
Third party	533,006	286,743	256,637	84,580	72,771	-	1,233,737
Inter-segment	240,364	66,138	217	1,562	2,103	(310,384)	-
Total revenue	773,370	352,881	256,854	86,142	74,874	(310,384)	1,233,737
Timing of revenue recognition							
Goods transferred at a point in time	773,370	352,881	256,854	86,142	72,186	(310,384)	1,231,049
Services transferred overtime	-	-	-	-	2,688	-	2,688
Total revenue from contracts with customers	773,370	352,881	256,854	86,142	74,874	(310,384)	1,233,737
Gross profit	335,035	70,005	133,760	58,719	58,513	-	656,032

12. Segment information (continued)

	Three months ended 31 March 2018 (Unaudited)						
	International express	Freight forwarding	Domestic express	Logistics	Other	Eliminations	Total
	AED "000"	AED "000"	AED "000"	AED "000"	AED "000"	AED "000"	AED "000"
Revenue							
Third party	500,412	283,652	265,378	68,723	71,467	-	1,189,632
Inter-segment	199,348	55,845	464	1,622	5,258	(262,537)	-
Total revenue	699,760	339,497	265,842	70,345	76,725	(262,537)	1,189,632
Timing of revenue recognition							
Goods transferred at a point in time	699,760	339,497	265,842	70,345	73,173	(262,537)	1,186,080
Services transferred overtime	-	-	-	-	3,552	-	3,552
Total revenue from contracts with customers	699,760	339,497	265,842	70,345	76,725	(262,537)	1,189,632
Gross profit	325,790	78,247	130,733	50,725	58,498	-	643,993

Transactions between stations are priced and agreed upon rates. All material intergroup transactions have been eliminated on consolidation. The Group doesn't segregate assets and liabilities by business segments, and accordingly, such information is not presented

12. Segment information (continued)

INDUSTRY SEGMENT AND GEOGRAPHICAL ALLOCATION

Following is a summary of sales by the Group based on customers' geographical location:

	31 March 2019	31 March 2018
	AED "000" Unaudited	AED "000" Unaudited
Revenue		
Middle East and Africa	760,099	743,365
Europe	133,548	147,355
North America	44,187	32,791
Asia and others	295,903	266,121
	1,233,737	1,189,632

	31 March 2019	31 December 2018
Assets		
Middle East and Africa	3,730,776	3,376,583
Europe	435,498	411,935
North America	96,641	64,185
Asia and others	954,767	851,578
	5,217,682	4,704,281
Non-current assets*		
Middle East and Africa	1,535,640	924,424
Europe	86,489	59,120
North America	38,520	5,776
Asia and others	394,943	248,231
	2,055,592	1,237,551
Liabilities		
Middle East and Africa	1,955,894	1,688,909
Europe	123,245	89,020
North America	54,086	16,428
Asia and others	598,294	478,118
	2,731,519	2,272,475

* Non-current assets for this purpose consist of property and equipment, other intangible assets, right of use assets, financial assets at fair value through other comprehensive income and investments in joint ventures and associates. Goodwill is allocated to business segments.

13. Related party transactions and balances

Certain related parties (directors, officers of the Group and companies which they control or over which they exert significant influence) were service providers of the Company and its subsidiaries in the ordinary course of business. Such transactions were made on substantially the same terms as with unrelated parties.

Transactions with related parties included in the condensed interim consolidated statement of income are as follows:

	31 March 2019 AED "000" Unaudited	31 March 2018 AED "000" Unaudited
Rent expense	-	347
	-	347

Key management compensation

Compensation of the key management personnel, including executive officers, comprises the following:

	31 March 2019 AED "000" Unaudited	31 March 2018 AED "000" Unaudited
Salaries and other short term benefits	3,485	1,627
Board remuneration	910	995
End of service benefits	357	18
	4,752	2,640

Certain subsidiaries of the Group are controlled through shareholder's agreements and accordingly consolidated in this condensed interim consolidated financial information.

13. Related party transactions and balances (continued)

The following table provides the total amount of transactions that have been entered into with related parties during the three month period ended 31 March 2019 and 2018, as well as balances with related parties as at 31 March 2019 and 31 December 2018:

		Sales to related parties AED'000	Cost from related parties AED'000	Amounts owed by related parties * AED'000	Amounts owed to related parties ** AED'000
Associates	2019	424	132	247	-
	2018	242	152	193	-
Joint ventures in which the Parent is a venture	2019	276	17,317	3,586	20,549
	2018	309	6,365	2,747	19,408
Companies controlled by Directors and shareholders, and others	2019	29,658	-	29,904	18,654
	2018	31,662	-	26,744	3,053

* These amounts are classified as trade receivables.

** These amounts are classified as trade payables.

14. Contingent liabilities and commitments

	31 March 2019 AED "000" Unaudited	31 December 2018 AED "000" audited
Letters of guarantee	126,331	121,922

15. Seasonality of operations

The Group's business is seasonal in nature. Historically, the Group experienced a decrease in demand for its services in the post-winter holiday and summer vacation seasons. The Group traditionally experiences its highest volumes towards the latter half of the year. The seasonality of the Group's revenue may cause a variation in its quarterly operating results. However, local Middle East and Islamic holidays vary from year to year and, as a result, the Group's seasonality may shift over time.

16. Legal claims

As of 31 March 2019, the Group is a defendant in a number of lawsuits amounting to AED19.2 million which represents claims in connection with normal ordinary course of business. The Group management and its legal advisor believe that the Group adequately provided a provision against any future liabilities that might arise from these legal cases.

17. Income tax

Aramex PJSC is registered in the United Arab Emirates of where there is no corporate income taxation. Income tax appearing in the condensed interim consolidated statement of income represents the income tax provision of the Group's subsidiaries that operates in taxable jurisdiction.

Taxes on income in the interim periods are accrued using the applicable tax rates that would be applicable to the expected total annual profit.

18. Reclassification of comparative figures

Comparative figures were reclassified inline with IFRS 16 requirements to match the current presentation of the condensed consolidated interim financial information. Management believes that the current presentation provides more meaningful information to the readers of the condensed consolidated interim financial information. The net impact on the condensed consolidated interim statements of income, comprehensive income and cash flows is nil.